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9 September 54

MEMORANDUM TO: Colonel White

1. Attached is the letter to the Commissioner of Internal Revenue which the General Counsel suggested should be forwarded after signature by the Director.

2. I attended a meeting in the Finance Division during which problems in connection with the implementation of such a program were discussed and I think many of the issues were clarified and certain contemplated procedures were much simplified during the course of the discussions. I understand that there is a meeting today between a representative of the Comptroller's Office and the General Counsel which will, in part, attempt to outline and provide solutions for the problems which will be encountered in the implementing of this program.

3. One point which was raised which I would like to bring to your attention, is the fact that if the decision is reached to effect deductions by withholding for calendar year 1955, such deductions would have to go into effect beginning 5 December 1953 for Staff Agents and for the payroll period beginning 1 December 1953 for the Contract Agents. If deductions are to be effected for 1955, almost immediate action will be required to secure information for the field equivalent to Standard Form W-4. If it is not desired that payroll deductions be made effective for the calendar year 1955, then there will be no major mechanical problems from the Finance Division standpoint which require immediate action.

4. There are certain policy questions which will have to be resolved and authorities granted, such as:

- a. Can we withhold tax when contracts state "no taxes will be withheld"?
- b. Authority to make arbitrary adjustments of field allotments to cover tax requirements, and so forth?

5. It is recommended that the attached file be forwarded to the Director with your recommendation for signature.

cc: chrono ✓

Orig: Subject: Accounting - ~~SECRET~~

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